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SUBJECT: IRAN; CUBA; ARGENTINE NUCLEAR PROGRAM; US-URUGUAYAN FTA;
08/24/06

1. SUMMARY STATEMENT

Today's major international stories include the USG rejection of the Iranian government's proposal to resume multilateral nuclear talks without suspending its nuclear program; US Assistant Secretary for Latin American Affairs Thomas Shannon's statements about Cuba's transition; Argentina's new nuclear program; and the likelihood of an US-Uruguayan FTA.

2. OPINION PIECES AND KEY STORIES

- "Bush refuses to negotiate the future of Iran's nuclear plan"

Leonardo Mindez, on special assignment in Washington for leading "Clarín," writes (08/24) "The USG rejected the Iranian government's proposal to resume multilateral talks on the presumption that Iran is not suspending its nuclear program.

"This was conveyed by the US Department of State when announcing that Tehran 'fell short on the conditions set forth by the UN Security Council calling for a full and verifiable suspension of all uranium enrichment-related activities.'

"... The Tehran government has repeated that its program is aimed at manufacturing nuclear energy for peaceful purposes. However, Washington fears that Iran has started manufacturing a bomb. The UN Security Council gave an ultimatum to Tehran until next Thursday to suspend its nuclear program, but there is no sign that this is going to happen.

"This is why, the US Department of State pointed out that it is consulting the other members of the UN Security Council in order to decide 'the next steps' to be taken, which could range from economic sanctions to the use of force. Nonetheless, while Bush is pressuring for tough measures, China and Russia insist on resuming talks."

- "Washington believes that Cuba will be immersed in instability"

Conservative "La Prensa" reports (08/24) "The head of US diplomacy for Latin America, Thomas Shannon, warned yesterday that the transition in Cuba will be unstable and with an undefined structure of leadership. He also called on Venezuelan President Hugo Chavez to use his ties with the Cuban government to promote democracy in the country.

"... During a press conference at the Foreign Press Center in Washington, Shannon said 'This is a moment full of possibilities but also anxiety because a regime on the verge of transferring power, particularly in the case of a leader like Fidel, is inherently unstable. History tells us this, particularly in the case of Communist regimes.'"

"However, the USG official said that 'if the Cuban government works on a transition to democracy, the White House will consider the possibility of deepening its ties with the island. In this regard, Shnnon reiterated that his proposal for a possible lifting of the embargo on Cuba remains pending, as long as the Cuban government starts a democratic transition."

- "The US creates an office to spy on Cuba and Venezuela"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nacion," writes (08/24) "John Negroponte, the czar of US intelligence, created a special espionage office aimed at obtaining and analyzing intelligence information on Cuba and Venezuela, which are the two countries posing most challenges to the White House in Latin America.

"The USG initiative is a tacit acknowledgment that it lacks reliable information on the two countries, and that this information is crucial for the White House now that Fidel Castro is leaving the scenario and Venezuelan presidential elections are getting closer...

"Only two other countries have special intelligence offices under Negroponte's supervision - Iran and North Korea, the two remaining regimes with clear nuclear ambitions of what US President George W. Bush labeled the 'axis of evil' in 2003. The third one, Iraq, was invaded in 2003.

"The initiative raised the ire of Havana and the Chavez administration, which defined it as a new attempt from Washington to destabilize them while it was praised by the top leaders of the Bush administration for Latin America between 2001 and 2005, Roger Noriega and Otto Reich.

"According to Jesse Chacon, Minister of Interior and Justice, Venezuela could suspend the signature of a new deal against drug-trafficking with the White House.

"... The US Assistant Secretary for Latin America, Tom Shannon said 'This is part of our effort to better understand the relationship between Cuba and Venezuela but I cannot say much more about it.' The USG only added that, 'obviously,' Chavez and Castro supporters have a 'special relationship' and that it would be 'sad' that, after awaiting Castro's downfall for almost half a century, 'a State is getting ready to be an ally of a totalitarian regime.'"

- "Argentina's new nuclear program - the country will again enrich uranium"

Business-financial "Ambito Financiero" reports (08/24) "The (Argentine) Government has officially announced that it will resume its uranium enrichment-related activities. This also includes the completion of Atucha II, the extension of Embalse's useful life and the promotion of enriched uranium-related activities for the establishment of a strategic reserve of uranium in the country...

"The plan was announced during a ceremony led by President Nestor Kirchner...

"The political decision not to remain outside of the select group of countries that are vertically integrated in nuclear issues received support from the ambassadors from Brazil, Venezuela and Canada.

"The greatest surprise for attendees was the decision to promote uranium enrichment-related activities, which were deactivated in the '90s. Even more than that, (Argentine Planning Minister Julio) de Vido emphasized the need for a strategic reserve of uranium as though the world could suffer conflicts due to the dearth of the product in the next years."

- "Uruguay seeks consensus to negotiate an FTA with the US"

Carlos Burgueo, columnist of business-financial "Ambito Financiero," writes (08/24) "Tabare Vazquez will speak with Lula in the next 72 hours to formally ask for his support to negotiate an FTA with the US in October.

"In addition to this, Vazquez will tell Lula about the possibility that Mercosur agrees to a tariff reduction so that Chile and Mexico become Mercosur partners.

"Sources from the Uruguayan Foreign Ministry asserted yesterday that Vazquez trusts that Mercosur will let him broaden his commercial ties with Washington.

"... Beyond Uruguayan optimism, Brazil and Argentina's views are different. Brazilian FM Celso Amorim has already warned that an FTA between Uruguay and a country outside of Mercosur would not be possible in the framework of Mercosur. Argentine Secretary for Economic Integration Eduardo Sigal's statements were in the same direction.

"Argentina and Brazil could back Uruguay in signing an FTA allowing its meat and dairy products to access US markets... This will be rejected by both major Mercosur partners... Argentina and Brazil do not want Uruguay to open its governmental purchases and services markets to the US or to negotiate new IPR legislation that is not aligned with the legislation of the rest of the bloc.

"There are serious doubts in the bloc that the Bush administration could accept a deal of this nature for a South American country (along the lines the FTA between the US and Switzerland). The US maintains a strategy on the region of negotiating FTAs just like those in force in Mexico and Chile, or those to be signed with Peru, Colombia, Ecuador and five Central-American countries.

"Parallel to this, on September 1, the Bush administration will remove Argentina, Brazil and Venezuela from its GSP. With these two actions, the US is reported to be seeking that South American countries reach an FTA or stay outside of any bilateral trade deal scheme."

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